

# **EXHIBIT 1**

**CONTRACT**  
**SCHLUMBERGER TECHNOLOGY CORPORATION**

**Schlumberger**

Invoice Mailing Address: ARNOLD OIL PROPERTIES  5800 NORTH MAY AVE SUITE 125 OKLAHOMA CITY, OK US		ARRIVE LOCATION  Service Instructions Cement 2 7/8in casing	Date 2007-Jun-02	Time 4:00 PM
Customer PO	Contract	Service Description Cementing - Cem Prod Casing		
Well PITZER 1-2	State/Province OK	APE	Rig	
Well Master: 0830511703	API / UWI: 35039220530001	Country/Parish/Block Cluster	Legal Location	
Field WILDCAT	Customer or Authorized Representative KESTER, STEVE			

**PLEASE READ CAREFULLY - THIS SERVICE ORDER CONTRACT MUST BE  
 COMPLETED BEFORE SCHLUMBERGER CAN PROVIDE GOODS OR SERVICES.**

THIS IS A CONTRACT FOR GOODS AND SERVICES TO BE PROVIDED PURSUANT TO THE MASTER SERVICE AGREEMENT BETWEEN CUSTOMER AND SCHLUMBERGER. IN THE ABSENCE OF A MASTER SERVICE AGREEMENT, CUSTOMER AND SCHLUMBERGER AGREE THE GOODS AND SERVICES ARE PROVIDED PURSUANT TO THIS CONTRACT, INCLUDING THE TERMS AND CONDITIONS ON THE BACK OF (OR ATTACHED TO) THIS CONTRACT, WHICH CONTAIN WARRANTY EXCLUSIONS AND INDEMNITY & HOLD HARMLESS PROVISIONS REQUIRING CUSTOMER AND SCHLUMBERGER TO BE RESPONSIBLE FOR THE NEGLIGENCE, STRICT LIABILITY OR FAULT OF THE OTHER.

I authorize work to begin as set forth in this Contract and represent that I have the authority of the customer to accept and sign this Contract.

Signature of Customer or Authorized Representative:

  
 Sat Jun 02 20:33:39 2007  
 KESTER, STEVE

Signature of Schlumberger Representative:

  
 Sat Jun 02 20:34:05 2007  
 Carnott, Christian

## GENERAL TERMS AND CONDITIONS

Revised 01/01/06

## THE FOLLOWING GENERAL TERMS AND CONDITIONS OF THIS CONTRACT CONTAIN INDEMNITY AND CHOICE OF LAW PROVISIONS - PLEASE READ CAREFULLY.

1. **Acceptance.** By requesting Schlumberger's services, equipment, or products, Customer irrevocably elects to enter into and be bound by these General Terms and Conditions.
2. **Definitions.**
  - a. Schlumberger - Schlumberger Technology Corporation, a Texas corporation.
  - b. Customer - the person, firm or other entity to which equipment and/or services are supplied or provided.
  - c. Group - Either Schlumberger or Customer and its respective parents, affiliates, subsidiaries, and each of their respective officers, directors and employees.
  - d. Claims - Damage, loss, liability, claims, demands and causes of action of every kind and character (including all costs and expenses thereof and reasonable attorney fees associated therewith).
3. **Terms.** Cash in advance unless Schlumberger has approved Customer's credit prior to the sale. Terms of sale for credit-approved accounts are total invoice amount due at Schlumberger's office, Houston, Texas on or before the 30th day from the date of invoice. Customer shall pay interest on past due balances at the lesser of 1.5% per month or the maximum allowed by applicable state or federal law. If Customer's account becomes delinquent, Schlumberger shall have the right to revoke any and all previously applied discounts. Upon such revocation, the full invoice price without discount will become immediately due and owing and subject to collection. Customer hereby agrees to pay all fees directly or indirectly involved in the collection of past due or delinquent accounts, including agency and attorney's fees.
4. **Taxes.** Customer shall pay any and all taxes or other levies (other than income taxes) imposed by any government, governmental unit or similar authority with respect to the charges made or payments received in connection with Schlumberger's services, equipment or products.
5. **Independent Contractor.** Schlumberger is and shall be an independent contractor with respect to the performance of the services set forth in this service Contract, and neither Schlumberger nor anyone employed by Schlumberger shall be the agent, representative, employee or servant of Customer in the performance of such services or any part hereof. When Contractor's employees (defined to include Schlumberger's direct, borrowed, special, or statutory employees) are covered by the Louisiana Workers' Compensation Act, La.R.S. 23:1021 et seq., Customer and Schlumberger agree that all work and operations performed by Schlumberger and its employees pursuant to this Contract are an integral part of and are essential to the ability of Customer to generate Customer's goods, products and services for purposes of La.R.S. 23:1061 (A)(1). Furthermore, Customer and Schlumberger agree that Customer is the statutory employer of Schlumberger's employees for purposes of La.R.S. 23:1061 (A)(3). In respect of Customer's status as the statutory employer or special employer (as defined in La.R.S. 23:1031 (C)) of Schlumberger's employees, Schlumberger shall remain primarily responsible for the payment of Louisiana workers' compensation benefits to its employees, and shall not be entitled to seek contribution for any such payments from Customer.
6. **Obligations of Customer.**
  - (a) **Well Conditions, Notification of Hazardous Conditions.** Customer, having custody and control of the well and superior knowledge of the conditions in and surrounding it, shall provide Schlumberger with all necessary information to enable Schlumberger to perform its services safely and efficiently. Schlumberger's equipment is designed to operate under conditions normally encountered in the well bore; however, if hazardous or unusual conditions exist, Customer shall notify Schlumberger in advance and make special arrangements for servicing such wells.
  - (b) **Chemicals.** The handling and disposal of any chemical, waste or by-product used or resulting from Contractor's performance of its services hereunder ("Chemicals") become the sole responsibility of Customer when such Chemicals are returned to the surface of the land or sea from below the rotary table. Customer understands and agrees that the Chemicals are the property of Customer and that Customer is the owner of the Chemicals. Customer agrees that it will transport and dispose of any such Chemicals in accordance with all applicable federal, state and local laws and regulations. Customer hereby waives, releases and agrees not to assert any claim or bring any cost recovery action against Schlumberger in connection with the use, generation, storage, transportation or disposal of Chemicals under any common law theories or federal, state or local environmental laws or regulations, now existing or hereinafter enacted, without regard to the cause or causes thereof or the negligence of any party.
  - (c) **Radioactive Sources.** If any radioactive source is lost in a well, or the well site, while being transported by Customer or a third-party on behalf of Customer, or while under the custody or control of Customer, Customer shall exert its best efforts to recover the source and shall take precautions in order to avoid breaking or damaging the source. If the source is not recovered, or if the container is broken, Customer shall immediately comply with all applicable laws and regulations, including the isolation and marking of the location of the source.
  - (d) **Fishing Operations.** Customer shall assume the entire responsibility for operations in which Customer or its representatives attempt to fish for equipment but Schlumberger will, without assuming liability and if so requested by Customer, render assistance for the recovery of such equipment.
7. **Warranty for Products and Services.**
  - (a) Schlumberger represents and warrants that all services provided hereunder shall be performed in a good and workmanlike manner in accordance with good oilfield practices and that it shall exercise diligence to insure the correctness and safe transport of all log, test and other data. Schlumberger will give Customer the benefit of its best judgment based on its experience interpreting information and making written or oral recommendations concerning logs or tests or other data, type or amount of material or service required, manner of performance or predicting results. Nevertheless, all such recommendations or predictions are opinions only and in view of the impracticability of obtaining first-hand knowledge of the many variable conditions, the reliance on inferences, measurements and assumptions which are not infallible, and/or the necessity of relying on facts and supporting services furnished by others, NO WARRANTY IS GIVEN CONCERNING THE ACCURACY OR COMPLETENESS OF LOG, TEST OR OTHER DATA. THE EFFECTIVENESS OF MATERIAL USED, RECOMMENDATIONS GIVEN, OR RESULTS OF THE SERVICES RENDERED. SCHLUMBERGER WILL NOT BE RESPONSIBLE FOR ACCIDENTAL OR INTENTIONAL INTERCEPTION OF OR TAMPERING WITH DATA BY OTHERS, NOR DOES SCHLUMBERGER GUARANTEE THE SAFE STORAGE OR THE LENGTH OF TIME OF STORAGE OR AGAINST LOSS OF ANY DIGITAL TAPES, OPTICAL LOGS OR PRINTS, OR OTHER SIMILAR PRODUCTS OR MATERIALS.
  - (b) Schlumberger warrants that products (including but not limited to tools, supplies and materials) furnished hereunder shall conform to the quality and specifications represented. Schlumberger reserves the right, at its sole discretion, to use new, used or refurbished parts in the assembly of its products. Schlumberger warrants all its products to be free of defects in material and workmanship for a period of twelve (12) months from the date of installation or eighteen (18) months from the date of delivery ex Schlumberger's works; whichever occurs first. The above warranty does not apply to products that have been modified by anyone at Customer's request, supplied by Customer or purchased by Schlumberger at Customer's request, and/or that have been subjected to improper handling, storage, application, installation, operation or maintenance by anyone other than Schlumberger, and including but not limited to damage caused by aggressive fluids, lightning or improper voltage supply.
  - (c) Schlumberger's sole liability and Customer's exclusive remedy under the foregoing warranties are expressly limited to the repair, replacement or the refund of an equitable portion of the purchase price, at Schlumberger's sole option, of products or services which prove to be defective within the warranty period. A Customer claim pursuant to this warranty shall be made immediately upon discovery and confirmed in writing within thirty (30) days after discovery of the defect. Defective items must be held for inspection or returned to the original Schlumberger delivery point upon request. Schlumberger shall have the right to inspect the products claimed to be defective and shall have the right to determine the cause of such defect. Returned products shall become the property of Schlumberger.

THE FOREGOING WARRANTIES FOR SERVICES AND PRODUCTS ARE IN LIEU OF ALL OTHER WARRANTIES, WHETHER ORAL, WRITTEN, EXPRESS, IMPLIED OR STATUTORY. IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE AND MERCHANTABILITY SHALL NOT APPLY. SCHLUMBERGER'S WARRANTY OBLIGATIONS AND CUSTOMER'S REMEDIES THEREUNDER (EXCEPT AS TO TITLE) ARE SOLELY AND EXCLUSIVELY AS STATED HEREIN.

## 8. Title and Risk of Loss

- (a) Unless otherwise agreed between the parties, title to and risk of loss for products sold will pass to Customer ex Schlumberger's works. Customer will pay or reimburse Schlumberger for all freight, preparation, and in-transit insurance costs from the time of delivery. Customer agrees that title to and risk of loss for products will pass to and remain with Customer, even if Schlumberger agrees to store the products at a Schlumberger location until Customer requests delivery.
- (b) The time, method, place or medium of payment will not in any way limit Schlumberger's rights in and to the products until payment has been received in full. On all orders, Schlumberger shall retain a security interest in the products to the extent of any unpaid balance of the purchase price thereof, and Schlumberger may use all reasonable efforts to retain and/or obtain possession of such products until such unpaid balance has been received and accepted by Schlumberger.

## 9. INDEMNITIES

## (a) Personnel and Property

1. SCHLUMBERGER SHALL BE RESPONSIBLE FOR AND HEREBY AGREES TO PROTECT, DEFEND, INDEMNIFY AND HOLD HARMLESS CUSTOMER GROUP AND ITS INSURERS FROM AND AGAINST ALL CLAIMS ARISING OUT OF OR IN CONNECTION WITH DAMAGE TO OR LOSS OR DESTRUCTION OF PROPERTY OF OR THE PERSONAL INJURY, ILLNESS OR DEATH OF ANY MEMBER OF SCHLUMBERGER GROUP OR ITS SUBCONTRACTORS, AGENTS, REPRESENTATIVES OR INVITEES ARISING OUT OF OR IN CONNECTION WITH THIS CONTRACT OR THE SERVICES PROVIDED HEREUNDER.

2. CUSTOMER SHALL BE RESPONSIBLE FOR AND HEREBY AGREES TO PROTECT, DEFEND, INDEMNIFY AND HOLD HARMLESS SCHLUMBERGER GROUP AND ITS INSURERS FROM AND AGAINST ALL CLAIMS ARISING OUT OF OR IN CONNECTION WITH DAMAGE TO OR LOSS OR DESTRUCTION OF PROPERTY OF OR THE PERSONAL INJURY, ILLNESS OR DEATH OF ANY MEMBER OF CUSTOMER GROUP OR ITS CONTRACTORS (OTHER THAN SCHLUMBERGER) AND SUBCONTRACTORS, AGENTS, REPRESENTATIVES OR INVITEES ARISING OUT OF OR IN CONNECTION WITH THIS CONTRACT OR THE SERVICES PROVIDED HEREUNDER.

- (b) **Spousal Indemnity.** NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, CUSTOMER ASSUMES ALL LIABILITY FOR AND AGREES TO PROTECT, DEFEND, INDEMNIFY AND HOLD SCHLUMBERGER GROUP AND ITS INSURERS HARMLESS FROM AND AGAINST ALL CLAIMS ARISING OUT OF OR IN CONNECTION HEREWITH FOR: (i) PROPERTY DAMAGE, PERSONAL INJURY OR DEATH OR LOSS THAT RESULTS FROM BLOW-OUT, CATASTROPHIC WELD WELL OR WORK PERFORMED TO CONTROL A WELD WELL, (ii) PROPERTY DAMAGE OR LOSS THAT RESULTS FROM POLLUTION, CONTAMINATION, OR RADIATION DAMAGE, WHETHER CAUSED BY CUSTOMER'S FAILURE TO PROPERLY HANDLE, TRANSPORT OR DISPOSE OF ANY CHEMICALS AS REQUIRED BY PARAGRAPH (b) HEREOF OR OTHERWISE, INCLUDING CONTAMINATION, CLEAN-UP AND REMEDIATION OF THE POLLUTANT AND CONTAMINATION, WHETHER OR NOT AGREES BY AN APPLICABLE FEDERAL, STATE OR LOCAL LAW OR REGULATION, (iii) PROPERTY DAMAGE OR LOSS THAT RESULTS FROM RESERVOIR OR UNDERGROUND DAMAGE, INCLUDING LOSS OF OIL, GAS, OTHER MINERAL SUBSTANCES, OR WATER ON THE WELL BORE ITSELF, AND SURFACE DAMAGE ARISING FROM SUBSURFACE OR SUBSEA DAMAGE (iv) COST TO CONTROL A WELD WELL, UNDERGROUND OR ABOVE THE SURFACE, INCLUDING ANY REPAIRING OR REWORKING AND RELATED CLEAN UP COSTS; (v) DAMAGE TO PROPERTY OWNED BY, IN THE POSSESSION OF OR LEASED BY CUSTOMER, AND/OR WELL OWNER, IF DIFFERENT FROM CUSTOMER (THE TERM "WELL OWNER" SHALL INCLUDE WORKING AND ROYALTY INTEREST OWNERS OR THE OWNER OF ANY DRILLING RIG, PLATFORM OR OTHER STRUCTURE AT THE WELL SITE); (vi) SUBSURFACE TRESPASS, OR (vii) LOSS OF OR DAMAGE TO SCHLUMBERGER PROPERTY, EQUIPMENT, MATERIALS OR PRODUCTS, INCLUDING BUT NOT LIMITED TO, RECOVERY, REPAIR AND REPLACEMENT EXPENSES, WHEN SUCH LOSS OR DAMAGE OCCURS: (a) IN THE HOLE OR BELOW THE ROTARY TABLE, (b) WHILE IN TRANSIT OR BEING MOVED ON ANY FORM OF TRANSPORTATION OWNED OR FURNISHED BY CUSTOMER, (c) WHILE LOCATED AT THE WELL SITE WHEN SCHLUMBERGER PERSONNEL ARE NOT PRESENT, (d) AS A RESULT OF IMPROPERLY MAINTAINED PRIVATE ACCESS ROADS TO THE WELL SITE OR AS A RESULT OF THE INFERIOR CONDITION OF LEASE ROADS OR THE SITE, OR (e) WHILE BEING USED BY OR WHILE UNDER THE CUSTODY OR CONTROL OF ANY PERSON OTHER THAN A SCHLUMBERGER EMPLOYEE, WHETHER IN AN EMERGENCY OR OTHERWISE. WITH RESPECT TO (i) ABOVE, THE PROPERTY, EQUIPMENT, MATERIALS AND PRODUCTS WILL BE VALUED AT THEIR RESPECTIVE LAMCO REPLACEMENT COST AND RENTAL CHARGES ON THE EQUIPMENT LOST OR DAMAGED IN THE HOLE SHALL CONTINUE TO BE PAID UP TO AND INCLUDING THE DATE ON WHICH SCHLUMBERGER RECEIVES NOTICE IN WRITING OF THE LOSS OR DAMAGE.

- (c) **Application of Indemnities.** THE ASSUMPTION OF LIABILITY AND INDEMNITIES IN PARAGRAPHS (a) AND (b) ABOVE SHALL APPLY TO ANY LOSS, DAMAGE, EXPENSE, INJURY, ILLNESS, DEATH OR CLAIM ARISING OUT OF OR IN CONNECTION WITH THIS CONTRACT OR THE SERVICES PROVIDED HEREUNDER, WITHOUT REGARD TO THE CAUSE(S) THEREOF INCLUDING, WITHOUT LIMITATION, UNSEAWORTHINESS, STRICT LIABILITY, ULTRAHAZARDOUS ACTIVITY, BREACH OF EXPRESS OR IMPLIED WARRANTY, IMPERFECTION OF MATERIAL, DEFECT OR FAILURE OF EQUIPMENT, DEFECT OR "BURN" OR OTHER CONDITION OF PREMISES, INCLUDING ANY CONDITIONS THAT PRE-EXIST THE EXECUTION OF THIS CONTRACT, ON THE SOLE, JOINT, CONCURRENT OR CROSS, ACTIVE OR PASSIVE, NEGLIGENCE OR OTHER FAULT OF THE INDEMNITEE OR ITS CONTRACTORS OR SUBCONTRACTORS OR ITS OR THEIR EMPLOYEES, AGENTS, REPRESENTATIVES OR INVITEES.

- (d) **Anti-Indemnity and Insurance Savings Clause.** If any defense, indemnity or insurance provision contained in this Contract conflicts with, is prohibited by or violates public policy under any federal, state or other law determined to be applicable to a particular situation arising from or involving any services, equipment and/or products hereunder, it is understood and agreed that the conflicting, prohibited, or violating provision shall be deemed automatically amended in that situation to the extent, but only to the extent, necessary to conform with and not be prohibited by and avoid violating public policy under such applicable law.

10. **Incidental or Consequential Damages.** IT IS EXPRESSLY AGREED THAT THE SCHLUMBERGER GROUP SHALL NOT BE LIABLE TO THE CUSTOMER GROUP FOR ANY PUNITIVE, INCIDENTAL, CONSEQUENTIAL, INDIRECT OR SPECIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, ANY LOSS OF PROFITS OR BUSINESS INTERRUPTION OR LOSS OF USE, LOSS OF PRODUCTION OR LOSS OF RIG TIME, REGARDLESS OF THE SOLE, JOINT OR CONCURRENT, ACTIVE OR PASSIVE, NEGLIGENCE OR OTHER FAULT OF SCHLUMBERGER.

11. **Insurance.** Each party, as indemnifies, agrees to support the indemnity obligations it assumes under Paragraph 9, by obtaining at its own cost, adequate insurance for the benefit of the other party as indemnitee, with contractual indemnity endorsements. To the extent each party assumes liability hereunder, such insurance shall waive subrogation against the indemnified Group and its insurers and name the indemnified Group as additional insured(s) and loss payee, and to the same extent such coverage shall be primary to that carried by the indemnified Group. Customer shall not self-insure without the written consent of Schlumberger.

12. **Limitation of Liability.** Notwithstanding anything to the contrary herein, except as provided under Paragraph 9, (a) 1. Schlumberger's liability arising from or in connection with this Contract (whether for indemnity, breach of contract, negligence, misrepresentation, or otherwise) shall not in any circumstances exceed the full value of the consideration owed to Schlumberger under this Contract.

13. **Employee Solicitation.** Except with the prior written consent of Schlumberger, Customer shall not directly, indirectly or through third parties solicit, recruit or induce any Schlumberger employee, consultant or representative to leave, terminate or otherwise end his/her association with Schlumberger in order to become an employee, consultant or representative of Customer until at least one (1) year has elapsed from Customer's receipt of the final invoice for the services.

14. **Miscellaneous.** Schlumberger shall not be liable for any delay or non-performance due to governmental regulation, labor disputes, hostile action, weather, fire, acts of God or any other causes beyond the reasonable control of Schlumberger. If services are performed on equipment or products furnished offshore or on navigable water, federal Maritime laws shall govern this Contract; if performed or sustained in Texas, Louisiana, New Mexico or Wyoming, the laws of Texas shall apply, otherwise the laws of the state where the services are performed or equipment or products are furnished shall apply. Should any clause, sentence, or part of these General Terms and Conditions be held invalid, such holding shall not invalidate the remainder, and the Terms and Conditions shall be interpreted as if the invalid clause, sentence, or part has been modified or omitted, if necessary, as required to conform to the jurisdiction purporting to limit such provision.

NO FIELD EMPLOYEE OF SCHLUMBERGER IS AUTHORIZED OR EMPOWERED TO ALTER THESE GENERAL TERMS AND CONDITIONS.